



# Australian Bureau of Statistics

## **1351.0.55.032 - Research Paper: Measuring Economic Returns to Post-School Education in Australia, Aug 2010**

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## **Summary**

### **About this Release**

Using the rich data provided by the 1981-2006 six waves of the full Australian Census, this paper estimates the rates of return to post-school education in Australia, with a focus on bachelor degrees. Both the internal rate of return method and Mincer's human capital earnings function method are applied. The expected private rates of return from investment in bachelor degrees increased over time for males, from 13.1 percent in 1981 to 19.6 percent in 2001, and then dropped to 15.3 percent in 2006; the range was 18.0 percent to 17.3 percent for females over the same period. Drawing on the recent work of Heckman, Lochner and Todd (2005), this study also compares the two methods. The key difference is that the internal rate of return method can account for the effect on earnings of increased working experience associated with higher educational attainment, while Mincer's method does not as it assumes parallel earnings experience profiles across different educational levels.

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